(c) No, Sir. If the Urban Development Authorities and Housing Boards are working for advancement of an object of general public utility and there is no profit-motive, and are registered as charitable institutions, fulfilling conditions prescribed under sections 11 to 13 of the Income Tax Act, the exemption would be possible.

(d) Yes, Sir.

(e) Some State Governments had requested for restoration of this exemption. It has not been found feasible to restore the exemption.

SFCs role in development of small and medium enterprises

690. SHRI JANARDHANA POOJARY: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that State Financial Corporations play a vital role in the nurturing of small and medium enterprises;

(b) whether declining interest rates and other economic factors are adversely affecting the functioning of SFCs and as a result of which they are unable to assist the small entrepreneurs active in key sectors like edible oil, pharmaceutical drugs, textiles, cement, etc.; and

(c) if so, the details of SFCs where respective State Governments have requested the Central Government for rehabilitation assistance from SIDBI and IDBI and what is Government's reaction thereto?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANDRAO VITHOBA ADSUL): (a) and (b) Yes, Sir. Most of the State Financial Corporations (SFCs) have been running in continued losses having high overdues & NPAs, poor liquidity which has rendered their networth as negative. SFCs are facing severe competition from Commercial Banks and other financial intermediaries whose cost of funds lower and which can offer lower interest rates.

(c) Representations were received from the State Governments and SFCs for financial assistance and for restructuring the refinance portfolio of SIDBI for SFCs to make them sustainable and vibrant to meet the needs of the SSI Sector. Accordingly, keeping in view the importance of the SFCs, especially, for the SSI Sector, in various States the Government in consultation with Small Industries Development Bank of India (SIDBI)

has recently formulated a financial package for revitalization of the SFCs. The Package envisages that those SFCs which enter into a Memorandum of Understanding (MoU) with SIDBI along with the respective State Governments would be eligible for following reliefs/concessions:

(1) Reduction in the rate of interest on outstanding refinance/Line of Credit by 2% p.a.

(2) A Rebate of 2% in the Rate of Interest for all future refinance/ Line of Credit; and

(3) A Moratorium of One Year for Repayment of existing dues.

Income Tax Ombudsman

691. SHRIMATI KAMLA MANHAR:
SHRI RAJU PARMAR:
SHRIMATI BIMBA RAIKAR:
SHRI RAMA MUNI REDDY SIRIGIREDDY:
Will the Minister of FINANCE be pleased to state:

(a) whether Government have decided to constitute Income Tax Ombudsman to resolve tax payers' grievances in the country;

(b) if so, the details thereof; and

(c) whether the proposed Ombudsman will handle technical disputes, legal disputes, etc. as in the case of banking and insurance sectors, and if not, what will be the power of proposed Ombudsman?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SHRIPAD YESSO NAIK): (a) to (c) Yes, Sir. Necessary action for setting up of the Institution of Income-Tax Ombudsman, including assigning functions and powers to the Ombudsman, is being taken by the Government.

Softening of Interest Rate

692. SHRI TARINI KANTA ROY:
DR. AKHILESH DAS:

Will the Minister of FINANCE be pleased to state:

(a) whether Bankers and business community have been optimistic about the Reserve Bank's known stand of a softening interest rate regime, the poor common depositors including the pensioners and the senior